

Message Text

CONFIDENTIAL

PAGE 01 JAKART 03114 150835Z

15

ACTION PM-03

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FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC PRIORITY 7056

C O N F I D E N T I A L JAKARTA 3114

DEPT PASS DOD

E.O. 11652: GDS

TAGS: MASS, ID

SUBJECT: INDONESIAN DISAPPOINTMENT WITH RESULTS OF SHIP PROCUREMENT
MISSION TO WASHINGTON

1. IN THREE HOUR MEETING WITH CHIEF DLG MARCH 11, ADMIRAL
RULI HARDJODIPURO, NAVY ASSISTANT FOR PLANNING, STATED THAT
RADM SUBIJONO, SENIOR MEMBER OF SHIP PROCUREMENT MISSION
TO WASHINGTON HAD REPORTED TO NAVY CHIEF OF STAFF ADMIRAL
SUBYAKTO THAT RESULTS OF VISIT WERE "EXTREMELY DISAPPOINTING".

2. ACCORDING RULI, MISSION HAD RECEIVED IMPRESSION FROM
WASHINGTON PRESENTATIONS THAT USG DID NOT BELIEVE GOI WAS
SERIOUS IN WANTING TO BUY NEW SHIPS IN U.S. THIS IMPRESSION
APPARENTLY STEMMED FROM FACT THAT ANSWERS GIVEN TO MOST OF
TEAM'S INQUIRES INTO AVAILABLE WEAPONS, SONAR, ELECTRONICS,
COMMUNICATIONS AND ECM EQUIPMENT THAT COULD POSSIBLY BE
PROVIDED FOR SHIP, WERE THAT SUCH EQUIPMENT CLASSIFIED
AND COULD NOT BE DISCUSSED. SINCE TEAM FELT INFORMATION
PROVIDED EXTREMELY VAGUE AND INSUFFICIENT TO DEVELOP
FURTHER PLANNING UPON THEIR RETURN, THEY DECLINED TO
RECEIVE FURTHER BRIEFINGS OR VISITS AND RETURNED TO
INDONESIA.

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PAGE 02 JAKART 03114 150835Z

3. ADDITIONAL SOURCE OF DISAPPOINTMENT WAS ESTIMATED PRICE FOR SHIP PRESENTED (BELIEVED TO BE PFS-PROPOSED) OF \$60 MILLION FOR A BARE SHIP, WITH CONSTRUCTION TIME OF 5 YEARS. SHIP MET GENERAL DESIGN REQUIREMENTS BUT PRICE SEEMED EXTREMELY HIGH, SINCE EUROPEAN COUNTRIES HAD OFFERED SIMILAR SHIPS FULLY EQUIPPED AT MUCH LOWER PRICES WITH SHORTER LEAD TIMES. RULI ADDED THAT AS RESULT TALKS WITH SENIOR U.S. OFFICIALS VISITING JAKARTA, DEFMIN PANGGABEAN AND INDONESIAN MILITARY HAD BEEN UNDER IMPRESSION CONCESSIONAL PRICES POSSIBLE IN PURCHASING NEW SHIPS UNDER FMS. RULI CONCLUDED ONLY COURSE NOW APPARENTLY OPEN TO INDONESIA IS TO GO ON WORLD MARKET.

4. CHIEF DLG EXPLAINED AT SOME LENGTH EFFORTS WE HAD TAKEN TO PREPARE FOR MISSION'S VISIT TO WASHINGTON, STRESSING THAT USG MOST INTERESTED IN ASSISTING INDONESIAN NAVY TO EXTENT POSSIBLE. HE NOTED THAT THERE NO POSSIBILITY OF CONCESSIONAL PRICING UNDER FMS, THAT NO U.S. OFFICIALS HAD SUGGESTED THERE WAS, AND THAT HE REGRETTED ANY MISIMPRESSION WHICH INDONESIAN MILITARY MAY HAVE HAD.

5. COMMENT AND ACTION REQUESTED: WE APPEAR TO HAVE STRUCK OUT AGAIN IN EFFORTS DISCUSS POSSIBLE SHIP PROCUREMENT WITH INDONESIANS. PART OF PROBLEM CERTAINLY LIES WITH INDONESIANS WHO DID NOT PREPARE ADEQUATELY FOR VISIT. OUR MESSAGE TO HIGHER LEVELS IN GOI THAT WE COULD NOT ASSURE THEM OF SHIP AVAILABILITY AT PRICE THEY EXPECTED OBVIOUSLY WAS NOT PASSED ON TO TEAM. WE ANTICIPATED PROBLEMS AND HAD ASKED DEPARTMENT TO TAKE SPECIAL CARE WITH TEAM, HOPING DESK WOULD MONITOR VISIT AND DETECT POTENTIAL PROBLEMS, INCLUDING SIGNS OF DISAPPOINTMENT, BEFORE TEAM LEFT FOR HOME. WE HAVE SO FAR HAD REPORT OF VISIT ONLY BY INFORMAL LETTER TO OFFICER IN DLG WHICH GIVES NO HINT OF APPARENT MAJOR DISAPPOINTMENT ON PART INDONESIANS. TO DEAL WITH MATTER AT HIGHER ECHELONS, WOULD APPRECIATE OFFICIAL WASHINGTON EVALUATION OF VISIT INCLUDING AVAILABLE INFORMATION ON:

A) ESTIMATED COST OF SHIP PRESENTED INDONESIANS,
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PAGE 03 JAKARTA 03114 150835Z

BOTH BARE AND WITH ILLUSTRATIVE PACKAGE OF WEAPONS, COMMUNICATIONS EQUIPMENT, SONAR, ELECTRONICS, ETC. (ITEMS FOR WHICH WE COULD REASONABLY EXPECT APPROVAL TO PROVIDE).

B) CONSTRUCTION LEAD TIME.

C) AVAILABILITY OF USED VESSELS IN INVENTORY WHICH

INDONESIANS EARLIER ADVISED US THEY WOULD BE INTERESTED
IN PURCHASING TO COVER INTERIM PERIOD BEFORE NEW VESSELS
READY. (RULI MADE NO MENTION OF WHETHER THIS OTHER
INDONESIAN INTEREST RAISED IN WASHINGTON).

6. WOULD ALSO APPRECIATE ANY ADDITIONAL CLARIFICATIONS
OR GENERAL COMMENTS WHICH STATE OR DOD MIGHT HAVE SO THAT
WE CAN PICK UP DIALOGUE WITH INDONESIANS.
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